



DECLARATION OF TERRY M. VALMASSOI

Terry M. Valmassoi, residing at 14230 Briarcliff Point, Ft. Wayne, Indiana 46814, U.S.A., declare that I am the Executive Vice President of Master Spas, Inc. (hereinafter "Master Spas"), the assignee of all interest in U.S. Application No. 10/670,854, filed September 24, 2003.

(2) I have been involved in the hot tub industry since 1978. I have been employed by Master Spas for the past nine years and have been its Executive Vice President since prior to any of the events referenced in this Declaration.

(3) Beginning at a date prior to June 5, 2000, Master Spas employees, namely, Robert L. Lauter, Samuel K. Badiac and Elmer C. Herbert, and I jointly conceived of an invention for a theater spa entertainment system comprising a hot tub having an entertainment system preferably including a television set and spaced apart speakers separately housed in water-tight compartments as disclosed and claimed interalia in the application identified in paragraph (1) above. The compartments were conceived of as being recessed within the surrounding edge surface of the hot tub and being vertically movable between recessed positions and raised portions by a remote control system by the occupants of the hot tub. The inventions were

made the subject of Provisional Patent Application No. 60/332,861, filed November 6, 2001. U.S. Application No. 10/286,280 was filed November 1, 2002 based on the provisional application. The instant application is a divisional of U.S. Application No. 10/286,280. A prototype was built for a showing to 30 key dealers and sales representatives of Master Spas at an executive council meeting held at the Master Spas factory on June 5, 2000. The prototype was hand-operated in that the compartments were capable of being raised and lowered manually. The speakers and television set were incorporated in the prototype but were not operational and were present in order to demonstrate the overall function of the planned product.

(4) In a Rule 131 Declaration dated March 18, 2005, filed in co-pending Application No. 10/671,646, filed September 24, 2003, I stated through error and without deceptive intent the following:

"A working prototype of the Master Spas design incorporating all of the features recited in the claims of the present application was shown to a group of 30 sales representatives and key Master Spas dealers at an executive council meeting held at the Master Spas factory in Fort Wayne, Indiana, on June 5, 2000."

Upon refreshing my recollection, I now remember that the prototype shown at the executive council meeting was not

working; it, in fact, did not have the control means disclosed and claimed in Application No. 10/670,854 for controlling the raising and lowering the compartments which houses the speakers and television set. The prototype was considered to be sufficiently complete to demonstrate the concept to about 30 dealers and sales representatives of Master Spas at an executive council meeting held at Master Spas' factory on June 5, 2000. The speakers and television set were incorporated in the prototype but were not electrically connected so as to be operable.

(5) I was the person responsible for organizing the executive council meeting of June 5, 2000, and that the meeting was held for the purpose of providing key sales representatives and dealers who comprised the Master Spas executive council with a preview of new products contemplated to be offered for sale beginning approximately in the year 2001. This meeting was intended to solicit feed back that might lead to product modifications from those most familiar with the relevant market place. A price had not been established for the theater spa system, no sales literature had been prepared, no offers for sale were made either directly or indirectly at the time of the June 5, 2000 meeting.

(6) As the person responsible for organizing the executive council meeting of June 5, 2000, I can state that from personal knowledge that the meeting was conducted under conditions of confidentiality. I clearly recollect arranging that each representative or dealer be required to sign a copy of a confidentiality agreement as a condition to attendance at the meeting. I saw the persons signing the agreements prior to entering the meeting space. The persons attending were well-known to me and understood the importance Master Spas placed on the confidentiality of such meetings. In support of my recollection concerning confidentiality, declarations of four attendees, stating that they signed declarations of confidentiality as a condition to attending the meeting, are attached to this Declaration and identified collectively as Exhibit A.

(7) A copy of the standard Master Spas confidentiality agreement which, to the best of my knowledge and recollection, is the form of agreement signed by the attendees at the June 5, 2000 meeting is attached as Exhibit B. There were no commercial documents, price lists or quotations, advertising brochures, publicity releases or other documents relating to this product that were made available at this meeting or even in existence at the time of the meeting.

(8) I first saw the Cal Spas design at the Aqua Trade Show held at the Las Vegas Convention Center on February 6, 2001 in Las Vegas, Nevada. Although they were showing the design, the spa was not yet in production, and I understood and believed they were not delivering these units to dealers until late spring of 2001.

(9) I hereby declare that all statements made herein of my own knowledge are true and that all statements made on information and belief are believed to be true; and further that these statements were made with the knowledge that willful false statements and the like so made are punishable by fine or imprisonment, or both under Section 1001 of Title 18 of the United States Code and that such willful false statements may jeopardize the validity to the application of any patent issued thereon.

11/7/06  
Date

  
\_\_\_\_\_  
Terry M. Valmassoi



September 14, 2006  
S&L File 25514-C USA

**DECLARATION**

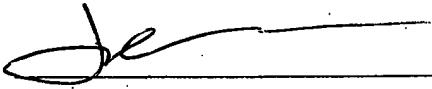
I, Tim Baile, declare that:  
Print Full Name

- (1) I am a sales representative of Master Spas, Inc., manufacturer of a theater spa system and which I am informed is the owner by assignment of certain U.S. patent applications relating to inventions applicable to the system.
- (2) In my capacity as a sales representative, I recall attending an executive council meeting held at the Master Spas facility to demonstrate the theater spa system and other Master Spas products expecting to be introduced within the next year. Based on information I have received, my recollection is refreshed that this meeting was held on June 5, 2000.
- (3) I recall that the meeting was held under conditions of confidentiality. I further recall that before entering the meeting room, I signed a confidentiality agreement binding me to keep in confidence information I might learn at the meeting. I also recall observing that other attendees arriving at the meeting site at about the same time I did also signed what I believe to be a copy of the same confidentiality agreement.
- (4) I further recall being advised at the meeting that the theater spa system was not ready for sale. I received no sales

literature, price lists or other product literature relating to the theater spa system at the meeting.

(5) I hereby declare that all statements made herein of my own knowledge are true and that all statements made on information and belief are believed to be true; and further that these statements were made with the knowledge that willful false statements and the like so made are punishable by fine or imprisonment, or both under Section 1001 of Title 18 of the United States Code and that such willful false statements may jeopardize the validity to the application of any patent issued thereon.

11/9/06  
Date

  
Tim Baece  
Print Name

September 14, 2006  
S&L File 25514-C USA

**DECLARATION**

I, John F. Carter, declare that:  
Print Full Name

- (1) I am a sales representative of Master Spas, Inc., manufacturer of a theater spa system and which I am informed is the owner by assignment of certain U.S. patent applications relating to inventions applicable to the system.
- (2) In my capacity as a sales representative, I recall attending an executive council meeting held at the Master Spas facility to demonstrate the theater spa system and other Master Spas products expecting to be introduced within the next year. Based on information I have received, my recollection is refreshed that this meeting was held on June 5, 2000.
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literature, price lists or other product literature relating to the theater spa system at the meeting.

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11-9-06

Date

John F. Carter

Print Name

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September 14, 2006  
S&L File 25514-C USA

**DECLARATION**

I, J. Michael Wright, declare that:  
Print Full Name

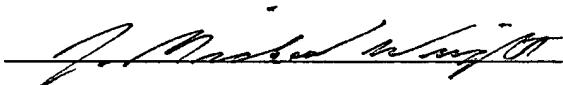
- (1) I am a sales representative of Master Spas, Inc., manufacturer of a theater spa system and which I am informed is the owner by assignment of certain U.S. patent applications relating to inventions applicable to the system.
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(5) I hereby declare that all statements made herein of my own knowledge are true and that all statements made on information and belief are believed to be true; and further that these statements were made with the knowledge that willful false statements and the like so made are punishable by fine or imprisonment, or both under Section 1001 of Title 18 of the United States Code and that such willful false statements may jeopardize the validity to the application of any patent issued thereon.

11-8-06

Date



S. Michael Wright  
Print Name

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September 14, 2006  
S&L File 25514-C USA

**DECLARATION**

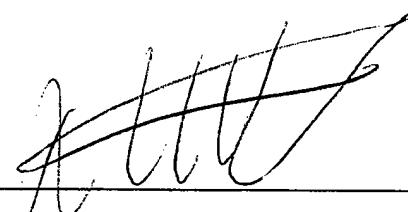
I, Richard L. Wright, declare that:  
Print Full Name

- (1) I am a sales representative of Master Spas, Inc., manufacturer of a theater spa system and which I am informed is the owner by assignment of certain U.S. patent applications relating to inventions applicable to the system.
- (2) In my capacity as a sales representative, I recall attending an executive council meeting held at the Master Spas facility to demonstrate the theater spa system and other Master Spas products expecting to be introduced within the next year. Based on information I have received, my recollection is refreshed that this meeting was held on June 5, 2000.
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(5) I hereby declare that all statements made herein of my own knowledge are true and that all statements made on information and belief are believed to be true; and further that these statements were made with the knowledge that willful false statements and the like so made are punishable by fine or imprisonment, or both under Section 1001 of Title 18 of the United States Code and that such willful false statements may jeopardize the validity to the application of any patent issued thereon.

Nov. 7, 2006  
Date

  
RICHARD J. WRIGHT  
Print Name



## CONFIDENTIALITY AGREEMENT

THIS AGREEMENT effective the \_\_\_\_\_ day of \_\_\_\_\_, 2000, by and between \_\_\_\_\_ (hereinafter referred to as "Individual"), and Master Spas, Inc. (hereinafter referred to as "Master Spas").

WHEREAS, Master Spas intends to disclose to Individual trade secrets and proprietary information concerning spas and related equipment and devices, which are not in the public domain and which have been reasonably restricted by Master Spas as confidential, in order to evaluate, establish or continue a beneficial business relationship, hereinafter referred to as the "Confidential Information."

NOW, THEREFORE, it is agreed as follows:

1. Master Spas may disclose information to Individual either orally or in writing. When disclosed in writing, the information shall be marked "Confidential." When disclosed orally, such information shall be identified as confidential at the time of disclosure, with subsequent confirmation in writing referencing the date and information disclosed. Individual agrees to clearly label as "Confidential" all information reduced to writing of such confirmed oral disclosures by Master Spas.
2. Individual shall hold in trust and confidence for Master Spas, Confidential Information and shall not disclose such Confidential Information to any third party, except as agreed by Master Spas in writing and shall not use the Confidential Information except for purposes set forth above. Individual warrants that any employee who may have access to any Confidential Information is subject to a written agreement which enforces and prevents disclosure of the Confidential Information.
3. Individual warrants that the Confidential Information shall be used solely in furtherance of the terms of this Agreement for the evaluation, establishment and/or continuation of a business relationship with Master Spas. Provided, however, nothing in this Agreement shall be construed as creating an agency, joint venture, partnership or other business relationship or association between the parties thereto.
4. Any Confidential Information supplied by Master Spas shall remain property of Master Spas and nothing in this Agreement shall restrict Master Spas from using, disclosing or disseminating its own Confidential Information in any way. The parties recognize and agree that nothing contained in this Agreement shall be construed as a grant of any property rights to Individual, by license or otherwise, to any Confidential Information disclosed pursuant to this Agreement, or to any invention or any patent right that has issued or that may issue, based on the Confidential Information.

5. Individual shall have no obligation with respect to any such information which:
  - a. is shown to have been known, available or developed by Individual independent of any disclosure by Master Spas; or
  - b. is, or becomes available to the public through no breach of this Agreement; or
  - c. is furnished to a third party by Master Spas without similar restriction on the third party's rights; or
  - d. is lawfully obtained from a third party without restriction and without breach of this or any other Agreement.
6. Individual shall not be liable for disclosure of any Confidential Information required by law in response to a valid order of a court of competent jurisdiction or authorized government agency, provided Master Spas receives adequate notice to allow it to request a protective order.
7. This Agreement, and the obligations thereunder, shall survive and remain in effect, regardless of any other contract or understanding made by the parties for a period of three (3) years from the effective date. Obligation of confidentiality under this Agreement shall continue for three (3) years from the date of disclosure and shall survive any expiration or termination of this Agreement. Upon termination, cancellation or expiration of this Agreement, or upon written request of Master Spas, Individual shall return all Confidential Information.
8. This Agreement may not be amended except by a writing signed by both parties; shall be governed and construed by the laws of the State of Indiana; and shall inure to, and be binding upon, the benefit of the parties, their heirs, successors and assigns.

IN WITNESS THEREOF, the parties have executed this Agreement.

\_\_\_\_\_  
MASTER SPAS, INC.

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_